ANNUAL REPORT

The Great West Saddlery Company Ltd.

FISCAL YEAR ENDED DECEMBER 31st, 1941

PURVIS HALL
LIBRARIES
FEB 6 1946
McGILL UNIVERSITY

ANNUAL REPORT

To the Shareholders:

Your Directors present herewith the Balance Sheet of the Company as at December 31st, 1941, the profit and loss, and earned surplus account showing results of operations in detail for the fiscal year ended December 31st, 1941.

Operating profits for the year ended December 31st, 1941, after bond interest, but before depreciation, Income and Excess Profits taxes amounted to $143,634.00

After setting aside an amount of 25,300.00
for depreciation of buildings and machinery and providing for
Income and Excess Profits taxes of 60,550.00
there is a net profit of 57,784.00
which has been carried to earned surplus account.

While in comparison with the year 1940 returns from the Western wheat crop were disappointingly low the purchasing power was greatly augmented by revenues from coarse grains, livestock, dairy products and the various crop and acreage bonuses. Volume of sales reached new levels during the year, producing increased gross earnings, which resulted in the necessity of substantially higher provision for Excess Profits and Income taxes.

Regular Dividends of $3.00 per share were paid and in addition accumulated arrears of $1.50 per share were paid on First Preference shares. There are now no arrears of Dividends on this class of shares. A payment of $2.25 per share was also made on account of arrears on Second Preference shares, leaving Second Preference shares in arrears from December 31st, 1939.

Net working capital was increased during the year to 918,076.00
and sinking fund operations during the year reduced Bonds outstanding to 312,500.00

Your Directors are fully aware of the many uncertainties in the outlook for the future. The operations of the Wartime Prices and Trade Board will most certainly reduce gross mark-up. Shortages in materials and merchandise will, in all probability, also occur. No effort will be spared to maintain the liquid position of the Company.

Your Directors wish to express their appreciation of the efforts and loyal co-operation of the General Manager, Mr. D. J. Hutchings, the Assistant Manager, Mr. J. C. Broadfoot, and all the members of the Staff throughout the year.

On behalf of the Board,

A. G. A. SPENCE,
President.

Winnipeg, Manitoba,
March 20th, 1942.

The GREAT WEST SADDLERY COMPANY LIMITED

MANUFACTURING IN WESTERN CANADA SINCE 1869

114 MARKET AVE., EAST
WINNIPEG, MAN.

NOTICE OF ANNUAL MEETING

The Great West Saddlery Company Limited

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of THE GREAT WEST SADDLERY COMPANY LIMITED will be held at the Head office of the Company, 114 Market Ave., East, in the City of Winnipeg, Province of Manitoba, on Monday, the Third day of March, A.D., 1941 at Two o'clock in the afternoon.

1. To receive and, if deemed advisable, to approve the report of the Board of Directors for the fiscal year ended 31st December, A.D., 1940.
2. To elect a Board of Directors to hold office until the next annual meeting.
3. To appoint Auditors to hold office until the next annual meeting.
4. For the transaction of such other business as may properly come before the meeting.

The Board of Directors has fixed Monday, the 24th day of February, 1941 as the record date for the determination of shareholders entitled to vote at such annual meeting of shareholders and at all adjournments thereof.

If you do not expect to be present personally at the meeting will you please sign, date, and promptly return the attached proxy in the accompanying envelope.

A copy of the Annual Report and Balance Sheet to be submitted at such meeting is enclosed.

DATED at Winnipeg, Manitoba, this 10th day of February, A.D., 1941.

By Order of the Board,

J. C. BROADFOOT,
Secretary.

PROXY

I,.....of.....
a shareholder of

THE GREAT WEST SADDLERY COMPANY LIMITED

do hereby authorize H. E. Cochran of the City of Toronto, in the Province of Ontario; failing whom, A. G. A. Spence of the City of Toronto, in the Province of Ontario; failing whom, D. J. Hutchings of the City of Winnipeg, in the Province of Manitoba, and/or.....

.....

and/or any of them as my proxy for me and in my name and on my behalf to attend and vote at the Annual General Meeting of the Shareholders of The Great West Saddlery Company Limited to be held at the Head Office of the Company, 114 Market Avenue East, in the City of Winnipeg on Monday, the 3rd day of March, A.D. 1941 at 2:00 o'clock in the afternoon and at all adjournments thereof, and I hereby ratify all that my said proxy may do in the premises and revoke all previous proxies given by me in respect of meetings of the said Company.

Dated at.....this.....day of.....1941.

.....
Witness.

.....
Signature of Shareholder.

The Great West Saddlery Company Limited

STATEMENT II

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31st DECEMBER, 1941

Profit from operations for the year, before charging Executive Salaries, Bond Interest, Depreciation and Income Taxes		$ 186,441.47
Deduct Executive Salaries and Bonuses	$ 22,916.60	
Directors' Fees	900.00	
Bond Interest	18,989.95	
		42,806.55
Profit before providing for Depreciation and Income Taxes		$143,634.92
Deduct Provision for Depreciation	$ 25,300.00	
Dominion Income and Excess Profits Taxes, estimated	60,550.00	
		85,850.00
Net Profit for the year, carried to Surplus Account (Statement III)		$ 57,784.92

STATEMENT III

STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED 31st DECEMBER, 1941

Surplus at 31st December, 1940		$ 93,700.73
Dividends paid, being:		
Six quarterly dividends of 1½% on First Preference Stock for the eighteen months ended 31st December, 1941	$ 31,464.00	
Seven quarterly dividends of 1½% on Second Preference Stock for the twenty-one months ended 31st December, 1939	6,079.50	
Additional provision for Income Taxes to 31st December, 1940	18,650.00	
		56,193.50
		$ 37,507.23
Net Profit for the year ended 31st December, 1941, per Statement II		57,784.92
Surplus at 31st December, 1941, carried to Statement I		$95,292.15

RY COMPANY LIMITED

DECEMBER, 1941

T I

LIABILITIES AND CAPITAL

CURRENT LIABILITIES:		
Bank Loan (Secured)	$373,200.00	
Bank Overdraft	54,918.87	
		$ 428,118.87
Accounts Payable and Accrued Charges:		
Trade and Sundry	$146,476.45	
Dominion and Provincial Taxes Payable	2,354.83	
Estimated Income and Excess Profits Taxes	78,547.86	
Bond Interest Payable and Accrued	6,700.00	
		234,079.14
FIRST MORTGAGE 20 Year 6% Sinking Fund Gold Bonds, due 1948		
Authorized	$1,000,000.00	
Issued	$850,000.00	
Less Redeemed	537,500.00	
		312,500.00
RESERVE FOR SUNDRY CONTINGENCIES		16,352.50
RESERVE FOR DEPRECIATION		112,655.50
CAPITAL:		
Authorized:		
6,992 Shares 6% Cumulative Redeemable (at Company's option) First Preference Stock of $50.00 each	$349,600.00	
1,158 Shares 6% Cumulative Redeemable (at Company's option) Second Preference Stock of $50.00 each	$ 57,900.00	
Common Stock of No Par Value	40,000 Shares	
Issued:		
6,992 Shares First Preference Stock	$349,600.00	
1,158 Shares Second Preference Stock	57,900.00	
39,871 Shares Common Stock	806,016.28	
		1,213,516.28
EARNED SURPLUS		95,292.15
		$2,412,514.44

NOTE: Cumulative Dividends are in arrears:
On Second Preference Stock from 31st December, 1939.

PORT

n accordance with the requirements of the Companies Act (Dominion) we report that we have obtained all the information and explana-e Company at 31st December, 1941, according to the best of our information and the explanations given to us, and as shown by the opinion of the Directors is adqeuate.

GEORGE A. TOUCHE & CO.,
Chartered Accountants, Auditors.

THE GREAT WEST SADDL

BALANCE SHEET AT

STATEM

ASSETS

CURRENT ASSETS:		
Cash on Hand and in Bank		$ 6,976.73
Accounts Receivable	$533,414.98	
Less Reserve	20,132.03	
	$513,282.95	
Relief Orders (payable out of funds provided by Dominion and Provincial Governments)	1,781.13	
		515,064.08
Raw Materials, goods in process, finished stock, and supplies on hand as per inventories valued on the basis of cost or market, whichever is the lower, as determined from cost and other records and certified by responsible officials, less Reserve		1,058,233.21
MORTGAGES, AGREEMENTS FOR SALE AND SUNDRY SECURITIES		683.98
PROPERTIES ACQUIRED THROUGH LIQUIDATION OF COLLATERAL		4,002.00
FIXED ASSETS:		
Land, Buildings, Plant, Machinery and Equipment at depreciated values based on appraisal by Sterling Appraisal Co. Ltd., dated 10th February 1928, with subsequent additions at cost, less Depreciation Reserve provided to 31st December, 1936.		816,304.51
DEFERRED CHARGES, prepaid insurance, etc.		4,186.59
EQUITY IN RECIPROCAL INSURANCE EXCHANGES	$ 14,562.34	
Less Reserve	7,500.00	
		7,062.34
GOODWILL		1.00

Approved on behalf of the Board

A. G. A. SPENCE, Director

D. J. HUTCHINGS, Director

$2,412,514.44

AUDITORS'

To the Shareholders of

The Great West Saddlery Company, Limited, Winnipeg.

We have examined the books and accounts of The Great West Saddlery Company, Limited, for the year ended 31st December, 1941, tions we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affai books of the Company. Depreciation, provided at the usual rates, is now based on the reduced values as shown in the Balance Sheet, which

Winnipeg, 4th March, 1942.

The Great West Saddlery Company Ltd.

DIRECTORS

A. G. A. SPENCE, Toronto

H. E. COCHRAN, Toronto

H. W. BELL, Winnipeg

H. R. DRUMMOND-HAY, K.C., Winnipeg

D. J. HUTCHINGS, Winnipeg

J. C. BROADFOOT, Winnipeg

H. R. CARSON, Calgary

OFFICERS

President	A. G. A. SPENCE
Vice-President	H. E. COCHRAN
Vice-President and General Manager	D. J. HUTCHINGS
Secretary-Treasurer and Assistant General Manager	J. C. BROADFOOT
General Sales Manager	J. B. GRAY
Branch Managers:	
Edmonton	M. H. WITTERS
Calgary	E. O'CONNOR
Saskatoon	J. POWER
Regina	G. C. AVISON
Winnipeg	J. W. STINSON